



1730 K Street, N.W. • Suite 800  
Washington, DC 20006  
202-653-7220 • Fax: 202-653-7238  
Website: [www.medpac.gov](http://www.medpac.gov)  
Glenn M. Hackbarth, J.D., Chairman  
Robert D. Reischauer, Ph.D., Vice Chairman  
Murray N. Ross, Ph.D., Executive Director

July 3, 2001

Thomas Scully, Administrator  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Hubert H. Humphrey Building  
Room 443-G  
200 Independence Avenue, SW  
Washington DC 20201

**Re: File code HCFA-1163-P**

Dear Mr. Scully:

The Medicare Payment Advisory Commission (MedPAC) welcomes the opportunity to comment on the Centers for Medicare and Medicaid Services (CMS) proposed rule entitled Medicare Program, Prospective Payment System and Consolidated billing for Skilled Nursing Facilities—Update, 66 Federal Register 23984 (May 10, 2001). This rule proposes incorporating swing beds into the skilled nursing facility (SNF) prospective payment system (PPS) October 2001.

As we noted in our June 2001 Report to the Congress, the Commission is concerned about bringing swing bed stays under the PPS, which has substantial problems. Once we are sure that the SNF PPS case-mix system distributes payments appropriately, there would be no reason to continue paying differently for swing bed SNF care.

MedPAC will continue to explore issues related to the SNF payment system during the coming year. Commission staff would be pleased to work with CMS staff to examine policy options and technical issues in improving the payment system.

Sincerely,

Glenn M. Hackbarth, J.D.

GMH/kp/w